

CORRES. CONTROL
OUTGOING LTR NO.

DOE ORDER #

06 RF 00046

DIST.	LTR	ENC
ROCKETT, G.A.	X	
DIACOMINI, J. J.	X	
INDSAY, D. C.	X	
HELTON, D.C.	X	
UOR, N.R.	X	
EGENHART, K	X	
UCKNER, A.L.		
VURSTER, B.M		



March 23, 2006

06-RF-00046

Charles A. Dan, Jr.
Contracting Officer
DOE, RFPO

RESPONSE REGARDING CLOSEOUT TEAM RETENTION INCENTIVE
COMPENSATION - GAC-046-06

- Ref: (a) Charles A. Dan, Jr. letter (05-00634) to Gregg A. Crockett, Closeout Team Retention Incentive Compensation Plan Proposal November 14, 2005
- (b) Gregg A. Crockett letter GAC-115-05, Kaiser-Hill Closeout Team Retention Incentive Compensation Plan Proposal, October 17, 2005

Dear Mr. Dan,

Following up to recent conversations and in response to reference (a) above, Kaiser-Hill offers the following comments and recommendations regarding retention incentives for the team completing closeout activities for the Rocky Flats project.

All staff members assigned to the Closeout team are working under subcontract arrangements, either as independent consultants, via staff augmentation subcontractors, or via corporate affiliate agreements. Therefore, as noted within your letter, Kaiser-Hill will comply with its purchasing system requirements to determine appropriate compensation (hourly rates, incentives, and other expenses) for each position and the tasks to be performed. Considering the nature and duration of these subcontract arrangements it is unlikely that the thresholds will be reached that would require DOE approval of these procurement actions.

Specific to employees contracted through CH2M HILL Construction, Inc. (CCI), one of Kaiser-Hill's affiliated companies, please be aware that employees procured within this structure are not eligible for CH2M HILL's short-term incentive compensation program. Therefore, retention incentives are being offered separately in a manner consistent with other subcontracted employees. The same procurement processes will be followed as noted in the previous paragraph.

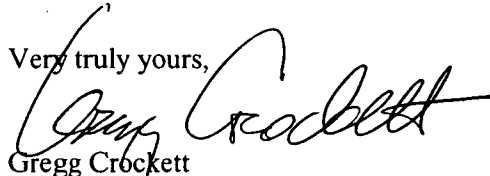
ADMIN RECORD

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Finally, retention incentives for Kaiser-Hill's President, Vice President and Chief Financial Officer, and General Counsel will not be included in the amounts billed to the DOE.

Please indicate your concurrence with these statements by signing in the space provided below.
Please contact me at 303-966-5344 with any questions or comments related to these matters.

Very truly yours,



Gregg Crockett
Director of Administration and
Chief Financial Officer

Concurrence _____
Charles A. Dan, Jr.

_____ Date

